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Five investment trends that helped shape 2025
By Rob Burgess
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Volatility has been a major storyline this year.

Several of the largest AI-related companies now have valuations in the trillions, with little to no profit to show for it. Many experts worry about over-concentration and hear echoes of the dot-com bubble.

Announced in April, President Donald Trump's reciprocal tariffs immediately caused markets to tumble in one of their worst days in years. Months later, many sectors are still struggling.

Meanwhile, in the background, inflation has proved to be a stubborn foe, ballooning prices everywhere. After cooling off somewhat during the first months of the year, consumers have seen it creeping back.

That's not to say it was all bad news. Markets hit some major milestones throughout 2025. However, the record highs didn't come without some major lows.

This lack of stability had many advisors steering clients back to proven strategies. While these may be less attractive than the quick gains to be made on the flashiest stocks in the market, they do provide peace of mind for client portfolios.

But, there was still room for innovation in investment management. For example, alternative assets are rising in prominence and availability. The so-called "democratization of alts" is well underway.

Here are five major investment strategy trends that helped shape wealth management in 2025:

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Dividend stocks provide steadiness
When times are stable, growth stocks can seem like an attractive option for client portfolios.

But when things are less than certain, dividend stocks can play an important role. These pay out a portion of the company's profits to shareholders instead of reinvesting in their business.

Staying diversified with these tried-and-true investments has proven to be a way

for advisors to help clients weather storms, experts say.

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Tuning to fixed income in times of uncertainty
Fixed income strategies, including CDs and bonds, provide clients with steady income when other asset classes are on the rocks.

That's why advisors and experts say including fixed income in a portfolio can help provide balance.

Clients who are in or near the retirement phase may especially appreciate the dependable income and the lack of a roller coaster ride.

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Access to alternatives is increasing
Alternative investments used to be generally the territory of the high net worth crowd.

Factors, including a lack of liquidity, generally opaque due diligence and high minimums, kept most advisors and clients away in the past.

But, alts have never been more mainstream as firms like iCapital and CAIS have steadily risen.

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ETFs on a historic upswing
ETFs are on a record-breaking run this year to say the least. The first six months of 2025 saw $511 billion in inflows to ETFs, according to research from Cerulli Associates.

Advisors allocated 21.6% to ETFs in 2024. That's nearly twice the 11.2% share it was only a decade earlier.

The advances look poised to continue into the new year. Advisors expect to allocate 25.5% of client assets to ETFs in 2026, surpassing mutual fund allocations for the first time.

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Direct indexing is gaining ground
Direct indexing is increasingly providing an opportunity for advisors to give clients a middle ground between ETFs and single-stock selections.

Advisors who use direct indexing with their clients say it gives their firms a tool that's flexible, tax sensitive and aligned with the circumstances and priorities of each client.

That doesn't mean it's for everyone. Experts say only clients who can make the increased complexity and potentially higher fees worth their while should use it.

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